

BT Wholesale Property Securities Fund

**Fact Sheet
December 2009**

ARSN: 087 593 584



Property Investments

About the Fund

The BT Wholesale Property Securities Fund invests primarily in Australian listed property-related investments including listed property trusts, developers and infrastructure investments, both directly and indirectly. In addition, up to 15% of the Fund can be invested in international listed property-related investments and around 5% of the Fund will generally be invested in unlisted property investments.

Fund objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P/ASX 300 Property Trust Accumulation Index over the medium to long term.

Investment style

BTIM's property securities investment style is active, bottom up and valuation driven with stock selection driven by absolute valuations.

Investment philosophy

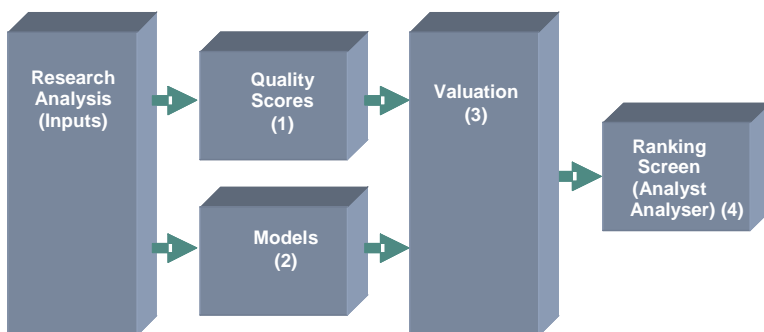
BTIM's investment philosophy is based on the beliefs that:

- Market inefficiencies provide opportunities for well researched and disciplined investors to identify and purchase securities, that are mispriced to their fundamental value;
- Quality companies will outperform over time. BTIM's Listed Property Team place a high emphasis on quality scores to identify the best business franchises; and
- Active investment management will outperform passive alternatives over a full market cycle

Investment process

The Property Securities investment process starts with comprehensive research utilising a range of proprietary valuation methodology and continues to four steps:

1. Scoring of quality factors
2. Financial modelling
3. Valuation
4. Stock Ranking



Investment team

BTIM's Head of Property Securities, Peter Davidson has over 20 years industry experience and is supported by a team of two portfolio managers/analysts and a specialist LPT dealer. The team also draws on the resources of BTIM's other specialist teams: Macro Strategies, Income Strategies and Equity Strategies.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	3.27	3.33	3.40
3 months	-5.10	-4.95	-4.99
FYDT	23.60	23.98	24.26
6 months	23.60	23.98	24.26
1 year (pa)	12.45	13.18	9.56
2 years (pa)	-25.54	-25.07	-30.03
3 years (pa)	-18.86	-18.34	-23.44
5 years (pa)	-4.47	-3.84	-7.48

Other information

Fund size (as at 31 Dec 2009)	\$69 million
Date of inception	November 1997
Minimum investment	\$50,000
Minimum balance	\$50,000
Buy-sell spread	0.50%
Income distribution frequency	Quarterly
Currency management	Foreign currency exposure is hedged
Cash holdings	Up to 20%
Tracking error guideline	2-5%
APIR code	BTA0061AU

Fees

Management fee	0.65% pa*
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* You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

Market review

The LPT sector provided a total return of -5% in the December 2009 quarter, retracing some of its strong performance in the September quarter (+30%). On a total return basis, the sector underperformed the broader market by 8.4%.

The sector is up 76% off its lows in March 2009, although has underperformed the broader market by 28% for the 2009 calendar year. Over the year the sector raised \$12.6 billion with almost all of the proceeds used for balance sheet repair.

While there is an expectation that asset values have bottomed, earnings growth for the sector is expected to be lacklustre in the short term. Domestic economic data has been highly supportive for the sector, particularly occupancy rates, however the resulting increase and outlook for interest rates mean that the sector is trading on a yield of 5.7%, in line with the 10-year bond rate.

Returns from the various LPT subsectors were mixed. Office (+9.2%) was the strongest subsector mostly driven by ING Office Fund and assisted by strong employment data. Jones Lang LaSalle expects the national office vacancy rate to peak at current levels of sub 8%. Retail was the worst performing subsector dragged down by Westfield Group (-9.8%) and Centro Retail Group (-10.8%).

The best stocks for the quarter were Ardent Leisure (+23%) benefiting from XPJ ASX/200 index inclusion, ING Office Fund (+16%) and Charter Hall (+14%) which is highly levered to a domestic real estate recovery with its funds management and development businesses. On the other side of the ledger, the weakest performers were ING Industrial, impacted by its recapitalisation, GPT Group which seems an increasingly unlikely target for M&A, and Westfield Group.

Performance

The portfolio performed in line with the benchmark over the quarter with strong returns from our overweight positions in Ale Property Group and ING Office Fund offset by our underweight positions in Ardent Leisure and Bunnings Warehouse Property Trust.

Strategy & outlook

We are holding overweight positions in Office, Diversified and Industrial, and are significantly underweight Retail stocks.

At present the LPT sector offers a 5.7% FY10 yield with 0-2.0% medium-term earnings growth.



For more information

Please call 1800 813 886, contact your business development representative or visit www.btim.com.au

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